

**CANADIAN POWER & PAPER  
SECURITIES LIMITED**

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*Thirteenth Annual Report to the Shareholders*

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**For the Year Ended 31st July, 1965**

# CANADIAN POWER & PAPER SECURITIES LIMITED

1245 SHERBROOKE STREET WEST, MONTREAL, QUEBEC

## DIRECTORS

W. A. Arbuckle, C.A.  
*President of the Company*

R. R. McLernon  
*President, Acer, McLernon Inc.*

P. W. Berrigan  
*Secretary-Treasurer of the Company*

Jean Simard  
*Vice-President, Marine Industries Limited*

John E. L. Duquet, Q.C.  
*Senior Partner, Duquet, MacKay,  
Weldon, Bronstetter, Willis & Johnston*

P. N. Thomson  
*Vice-President of the Company*

T. Rodgie McLagan, O.B.E.  
*President, Canada Steamship Lines, Limited*

R. L. Weldon, O.B.E.  
*Chairman, Bathurst Paper Limited*

W. Howard Wert, C.A.  
*President, International  
Bronze Powders Limited*

## OFFICERS

W. A. Arbuckle, C.A.  
*President*

P. W. Berrigan  
*Secretary-Treasurer*

P. N. Thomson  
*Vice-President*

C. F. Reid  
*Assistant Secretary-Treasurer*

## AUDITORS

TOUCHE, ROSS, BAILEY & SMART, CHARTERED ACCOUNTANTS,  
Montreal, Quebec

# CANADIAN POWER & PAPER SECURITIES LIMITED

## DIRECTORS' REPORT

### *To the Shareholders:*

Your Directors present the Thirteenth Annual Report of the Company for the year ended 31st July, 1965.

Profits for the year totalled \$374,259 and, after allowing for a full year's Preferred dividend, were equal to 42 cents per Common share as compared with 43 cents for the preceding year. A Common dividend of 35 cents per share was declared payable 8th September, 1965.

The value of the Company's assets, taking investments at combined value as noted on the Balance Sheet and after deducting all liabilities including funded debt, amounted to \$16,749,286 at 31st July, 1965, as compared with \$16,478,895 at the end of the preceding fiscal year. The break-up value per Common share after deducting the Preferred shares at the redemption price of 105%, was equivalent to \$24.27 at 31st July, 1965, as against \$23.79 at the previous year-end.

Changes made in the investment holdings during the year resulted in a surplus over book cost of \$915,380, which amount was transferred to the credit of Investment Reserve.

On 10th June, 1965, your Company acquired a 50% shareholding in the Eastern Canada Stevedoring (1963) Ltd. group of companies at a cost of \$2,263,550, a wholly-owned subsidiary of Power Corporation of Canada taking the remaining 50% interest. Based on the past record of earnings the acquisition of this well established operation looks attractive to your Directors and it should contribute importantly to your Company's future income.

Messrs. T. Rodgie McLagan, O.B.E. and W. Howard Wert, C.A., Directors of your Company have agreed to serve as Directors on the Boards of the Eastern Stevedoring Companies.

The Books and Accounts of your Company have been audited by Messrs. Touche, Ross, Bailey & Smart, Chartered Accountants, whose report is attached.

Respectfully submitted on behalf of the Board,

W. A. ARBUCKLE,  
President.

Montreal, Que., 8th October, 1965.



# CANADIAN POWER & PA

## BALANCE SHEET A

### ASSETS

		31ST JULY 1964
INVESTMENTS, at average cost		
Short term notes and call deposits. . . . .	\$ —	\$ 2,425,000
Quoted securities . . . . .	10,298,869	9,208,406
Unquoted securities . . . . .	2,889,396	383,872
	<u>13,188,265</u>	<u>12,017,278</u>

These investments had a combined value at 31st July, 1965, of \$19,528,385 based on a market value of \$16,638,989 of quoted securities and average cost of others.

RECEIVABLES . . . . .	116,393	178,343
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Signed on behalf of the Board:

W. A. ARBUCKLE, Director.

P. N. THOMSON, Director.

\$13,304,658

\$12,195,621

### AUDITORS' REPORT T

We have examined the balance sheet of Canadian Power & Paper Securities Limited as at 31st July 1965 and the related statements of income and expenditure, investment reserve and surplus for the year ended on that date. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

Montreal, Que., 29th September, 1965.

# ER SECURITIES LIMITED

AT 31st JULY, 1965

## LIABILITIES

31ST JULY  
1964

DIVIDEND PAYABLE ON COMMON SHARES . . . . .	\$ 203,683	\$ 203,683
BANK LOAN. . . . .	170,000	—
CURRENT . . . . .	21,809	30,228
5% DEBENTURES MATURING 2nd JANUARY, 1967 . . . . .	2,500,000	2,500,000

## CAPITAL

Cumulative redeemable preferred shares of \$25 par value, issuable in series:

Authorized — 200,000 shares

Issued — 100,000 shares

\$1.30 Series "A" redeemable at 105% . . . . .	2,500,000	2,500,000
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Common shares of no par value:

Authorized — 1,000,000 shares

Issued — 581,952 shares . . . . .	2,935,638	2,935,638
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INVESTMENT RESERVE. . . . .	4,033,148	3,117,768
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EARNED SURPLUS . . . . .	940,380	908,304
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<u>\$13,304,658</u>	<u>\$12,195,621</u>
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## THE SHAREHOLDERS

In our opinion, the accompanying balance sheet and related statements of income and expenditure, investment reserve and surplus present fairly the financial position of the company as at 31st July 1965 and the results of its operations for the year ended on that date, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

TOUCHE, ROSS, BAILEY & SMART,  
Chartered Accountants.

# CANADIAN POWER & PAPER SECURITIES LIMITED

## STATEMENT OF INCOME, EXPENDITURE AND EARNED SURPLUS

For the year ended 31st July, 1965

INCOME FROM INVESTMENTS . . . . .		\$ 545,123
EXPENDITURE		
General . . . . .	\$ 10,783	
Directors' fees . . . . .	4,500	
Legal fees . . . . .	1,910	
Management fee . . . . .	9,375	
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	26,568	
Debenture interest . . . . .	125,000	
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		151,568
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		393,555
TAXES ON INCOME . . . . .		19,296
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NET INCOME . . . . .		374,259
ADD		
Earned surplus at 31st July, 1964 . . . . .		908,304
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		1,282,563
DEDUCT		
Dividends on preferred shares . . . . .	138,500	
Dividend on common shares . . . . .	203,683	
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		342,183
EARNED SURPLUS AT 31st JULY, 1965 . . . . .		<u>\$ 940,380</u>

## STATEMENTS OF CAPITAL SURPLUS AND INVESTMENT RESERVE

For the year ended 31st July, 1965

	Capital Surplus	Investment Reserve
BALANCE AT 31st JULY, 1964 . . . . .	\$ —	\$3,117,768
Surplus realized on changes in investments. . . . .	915,380	—
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	915,380	3,117,768
Transfer of capital surplus . . . . .	915,380	915,380
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BALANCE AT 31st JULY, 1965 . . . . .	<u>\$ —</u>	<u>\$4,033,148</u>



# CANADIAN POWER & PAPER SECURITIES LIMITED

## INVESTMENT PORTFOLIO AT 31ST JULY, 1965

	Common Shares	Preferred Shares	Bonds, Debentures and Notes (Principal Amount)	Quoted at Market Value	Unquoted at Average Cost	Percentages
<b>FINANCE — 57.55%</b>						
Capital Management Limited . . . . .	1,000	—	\$136,500	\$ —	\$ 191,586	0.98
Laurentide Financial Corporation Ltd. . . . .	—	1,000	—	36,000	—	0.18
Power Corporation of Canada, Limited . . . . .	50,000	785,370	—	10,790,566	—	55.26
Royal Bank of Canada, The . . . . .	3,000	—	—	220,500	—	1.13
<b>MINING — 2.16%</b>						
Cassiar Asbestos Corporation Limited . . . . .	10,000	—	—	130,000	—	0.67
Potash Company of America . . . . .	1,500	—	—	79,996	—	0.41
Preston Mines Limited . . . . .	10,000	—	—	86,500	—	0.44
Western Mines Limited . . . . .	2,500	—	125,000	124,375	—	0.64
<b>OIL, GAS AND PIPELINE — 4.45%</b>						
Canadian Industrial Gas Limited . . . . .	50,000	—	—	494,000	—	2.53
Greater Winnipeg Gas Company . . . . .	—	—	24,000	23,880	—	0.12
Quebec Natural Gas Corporation . . . . .	—	—	90,000	89,100	—	0.46
Supertest Petroleum Corporation, Limited, ordinary . . . . .	10,000	—	—	196,300	—	1.01
Texaco Canada Limited . . . . .	1,300	—	—	65,000	—	0.33
<b>PULP AND PAPER — 15.14%</b>						
Bathurst Paper Limited . . . . .	90,000	—	—	2,295,000	—	11.75
Consolidated Paper Corporation Limited . . . . .	15,950	—	—	661,925	—	3.39
<b>TRANSPORTATION — 1.58%</b>						
New York Central Railroad Company . . . . .	2,000	—	—	112,320	—	0.57
Norfolk and Western Railway Company . . . . .	500	—	—	69,930	—	0.36
Seaboard Air Line Railroad Company . . . . .	1,500	—	—	63,796	—	0.33
Southern Pacific Company . . . . .	1,500	—	—	62,986	—	0.32
<b>OTHER INVESTMENTS — 19.12%</b>						
Canadian Arena Company . . . . .	300	—	—	82,800	—	0.42
Canadian Interurban Properties Limited . . . . .	200,000	—	—	640,000	—	3.28
Dominion Bridge Company Limited . . . . .	5,000	—	—	130,000	—	0.66
Dominion Dairies Limited . . . . .	2,000	—	—	32,000	—	0.16
Eastern Canada Stevedoring (1963) Ltd. & Affiliates . . . . .	—	—	—	—	2,263,550	11.59
International Bronze Powders Limited . . . . .	—	3,597	—	100,716	—	0.52
Miscellaneous . . . . .	—	—	—	51,299	434,260	2.49
				<u>\$16,638,989</u>	<u>\$2,889,396</u>	<u>100.00%</u>

# CANADIAN POWER & PAPER SECURITIES LIMITED

## COMPARATIVE STATISTICS 1961-1965

	1965	1964	1963	1962	1961
Income from investments. . . . .	\$ 545,123	404,760	363,254	317,849	281,358
Expenditure . . . . .	\$ 26,568	16,904	17,729	14,950	15,313
Debenture interest . . . . .	\$ 125,000	125,000	125,000	104,167	75,000
Taxes on income . . . . .	\$ 19,296	3,394	3,917	2,264	1,671
Net income. . . . .	\$ 374,259	259,462	216,608	196,468	189,374
Common shares outstanding . . . . .	581,952	581,952	581,952	581,952	581,952
Earned per common share . . . . .	\$ 0.42	0.43	0.37	0.33	0.32
Declared per common share . . . . .	\$ 0.35	0.35	0.30	0.25	0.20
Dividends paid or declared on:					
Preferred shares . . . . .	\$ 138,500 <sup>(1)</sup>	—	—	—	—
Common shares . . . . .	\$ 203,683	203,683	174,586	145,488	116,390
Capital stock:					
\$1.30 preferred shares (\$25 p.v.)	\$ 2,500,000	2,500,000 <sup>(2)</sup>	—	—	—
Common (no par value) . . . . .	\$ 2,935,638	2,935,638	2,935,638	2,935,638	2,935,638
Debentures outstanding . . . . .	\$ 2,500,000	2,500,000	2,500,000	2,500,000	2,000,000
Investments:					
Cost . . . . .	\$13,188,265	12,017,278	8,856,668	7,805,536	7,232,392
Value . . . . .	\$19,528,385	19,034,463	12,891,716	8,813,741	8,522,273
Break-up value per common share	\$ 24.27	23.79	17.82	10.70	11.20
Investment reserve . . . . .	\$ 4,033,148	3,117,768	2,548,177	1,475,253	1,532,388

<sup>(1)</sup> For the period from 8th July, 1964 (date of issue) to 31st July, 1965.

<sup>(2)</sup> Shares issued on 8th July, 1964.